

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOHN W. PARSONS, ESQ., *Executive Director*

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MEMORANDUM

TO: Lowell Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: September 20, 2021

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule is effective in FY22 (since the amount under the prior schedule was maintained in FY22) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.65% to 7.10% and a revised mortality assumption.

The schedule has payments that increase 5.2% per year until FY36 with a final amortization payment in FY37. For more than five years, we have recommended schedules that complete the amortization of the unfunded liability by FY35 and we would have preferred an increase in excess of the 5.2% to accomplish that goal. However, we note that the Board adopted a significantly more conservative investment return assumption in this valuation. In addition, the FY22 appropriation is approximately the same as it would be had the minimum allowable schedule (4.0% increasing amortization to FY40) been adopted.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb

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Enc.



SECTION 3 - CHAPTER 32 OF M.G.L. APPROPRIATIONS

Exhibit 3.1 - 30-Year Forecast of Annual Appropriations

Fiscal Year Ending	Employer Normal Cost	Amortization Payment of UAL	Net 3(8)(c) Transfers	Total Employer Cost	Increase over Prior Year	Unfunded Actuarial Accrued Liability
2022	\$9,102,263	\$21,823,175	\$850,000	\$31,775,438		\$312,487,035
2023	9,420,843	23,156,918	850,000	33,427,761	5.20%	312,089,002
2024	9,750,573	24,565,431	850,000	35,166,004	5.20%	310,282,429
2025	10,091,843	26,052,793	850,000	36,994,636	5.20%	306,889,931
2026	10,445,057	27,623,300	850,000	38,918,357	5.20%	301,717,307
2027	10,810,635	29,281,477	850,000	40,942,112	5.20%	294,552,123
2028	11,189,007	31,032,095	850,000	43,071,102	5.20%	285,162,178
2029	11,580,622	32,880,177	850,000	45,310,799	5.20%	273,293,847
2030	11,985,943	34,831,018	850,000	47,666,961	5.20%	258,670,301
2031	12,405,451	36,890,193	850,000	50,145,644	5.20%	240,989,575
2032	12,839,642	39,063,574	850,000	52,753,216	5.20%	219,922,495
2033	13,289,029	41,357,355	850,000	55,496,384	5.20%	195,110,439
2034	13,754,145	43,778,050	850,000	58,382,195	5.20%	166,162,914
2035	14,235,540	46,332,528	850,000	61,418,068	5.20%	132,654,957
2036	14,733,785	49,028,025	850,000	64,611,810	5.20%	94,124,328
2037	15,249,467	51,815,433	850,000	67,914,900	5.11%	50,068,479
2038	15,783,199	-	850,000	16,633,199	-75.51%	-
2039	16,335,610	-	850,000	17,185,610	3.32%	-
2040	16,907,357	-	850,000	17,757,357	3.33%	-
2041	17,499,114	-	850,000	18,349,114	3.33%	-
2042	18,111,583	-	850,000	18,961,583	3.34%	-
2043	18,745,488	-	850,000	19,595,488	3.34%	-
2044	19,401,580	-	850,000	20,251,580	3.35%	-
2045	20,080,635	-	850,000	20,930,635	3.35%	-
2046	20,783,457	-	850,000	21,633,457	3.36%	-
2047	21,510,878	-	850,000	22,360,878	3.36%	-
2048	22,263,758	-	850,000	23,113,758	3.37%	-
2049	23,042,990	-	850,000	23,892,990	3.37%	-
2050	23,849,495	-	850,000	24,699,495	3.38%	-
2051	24,684,227	-	850,000	25,534,227	3.38%	-